



RON BENDER (SBN 143364)  
JOHN-PATRICK M. FRITZ (SBN 245240)  
LEVENE, NEALE, BENDER,  
YOO & GOLUBCHIK L.L.P.  
2818 La Cienega Avenue  
Los Angeles, California 90034  
Telephone: (310) 229-1234  
Facsimile: (310) 229-1244  
Email: RB@LNBYG.COM; JPF@LNBYG.COM

The following constitutes the order of the Court.  
Signed: September 2, 2024

A handwritten signature in black ink, reading "Stephen L. Johnson", is written over a horizontal line.

Stephen L. Johnson  
U.S. Bankruptcy Judge

Counsel for Chapter 11 Debtor and Debtor in Possession

**UNITED STATES BANKRUPTCY COURT**  
**NORTHERN DISTRICT OF CALIFORNIA**  
**SAN JOSE DIVISION**

In re:

BRITELAB, INC.,  
a Delaware corporation

Debtor and Debtor in Possession.

Case No.: 23-51520

Chapter 11 Case (Subchapter V)

**FINAL ORDER AUTHORIZING DEBTOR  
TO SELL ACCOUNTS  
RECEIVABLE PURSUANT TO 11 U.S.C. §§  
363(b) AND (f) AND GRANTING CLEAR  
COAST CAPITAL, LLC A SUPER  
PRIORITY SECURITY INTEREST  
PURSUANT TO 11 U.S.C. §§ 364(c)(2)**

**Final Hearing:**

Date: August 6, 2024  
Time: 2:00 p.m. PT  
Place: United States Courthouse  
Courtroom 9  
280 South First Street  
San Jose, CA 95113-3099<sup>1</sup>

<sup>1</sup> The hearing on this matter will take place remotely by video or telephone. No in-person appearance in the courtroom is available. The Bankruptcy Court's website provides information regarding how to arrange an appearance at a video or telephonic hearing. If you have questions about how to participate in a video or telephonic hearing, you may contact the courtroom deputy, Anna Lee, at (408) 278-7517 or email her at: [anna\\_e\\_lee@canb.uscourts.gov](mailto:anna_e_lee@canb.uscourts.gov). See also [www.canb.uscourts.gov/calendars](http://www.canb.uscourts.gov/calendars).

1 This matter is before the Court on the Debtor's motion of the debtor-in-possession in the above-  
2 captioned case (the "**Debtor**") requesting entry of a final order authorizing the Debtor to enter into a post-  
3 petition financing arrangement with Clear Coast Capital, LLC (the "**DIP Lender**") by which the Debtor  
4 will sell certain accounts receivable pursuant to 11 U.S.C. §§ 363(b) and (f) and granting super priority,  
5 first position security interests pursuant to 11 U.S.C. §§ 364(c)(2) of the Bankruptcy Code (the  
6 "**Bankruptcy Code**") (the "**Financing Motion**") [ECF 70], as the Debtor's and estate's assets are not  
7 subject to any pre-existing liens. Based upon this Court's review of the Financing Motion, the record, and  
8 all matters brought to the Court's attention at the First Interim Hearing and Final Hearing pursuant to  
9 Bankruptcy Rule 4001(b)(2) and (c)(2), and after due deliberation and consideration, the Court makes the  
10 following findings of fact and conclusions of law applicable to the financing sought by Debtor from DIP  
11 Lender and Debtor's request to use cash collateral (to the extent any findings of fact constitute conclusions  
12 of law, they are adopted as such, and *vice versa*):  
13

14 THE COURT HEREBY FINDS AND DETERMINES:  
15

16 A. On December 29, 2023 (the "**Petition Date**"), the Debtor filed a voluntary petition for relief  
17 under Chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**") in this Court (the  
18 "**Chapter 11 Case**" or "**Case**"). The Debtor is continuing to operate its businesses and manage its  
19 property as debtors-in-possession. No trustee or examiner has been appointed herein.  
20

21 B. An immediate and ongoing need exists for Debtor to obtain financing and use the cash  
22 proceeds of the Collateral (as defined below) (the "**Cash Collateral**") to continue the operation of its  
23 business as debtor-in-possession under Chapter 11 of the Bankruptcy Code, to minimize the disruption of  
24 Debtor's business and to allow Debtor to pursue reorganization under Chapter 11. Despite diligent efforts,  
25 Debtor has been unable to obtain financing in the form of unsecured credit allowable under  
26  
27  
28

1 Section 503(b)(1) of the Bankruptcy Code as an administrative expense or solely in exchange for the  
2 grant of a special administrative expense priority pursuant to Section 364(c)(1) of the Bankruptcy Code.

3 C. Debtor has requested that DIP Lender establish a new secured factoring facility in favor of  
4 Debtor (the “**DIP Facility**”) pursuant to which Debtor may obtain advances from time to time (the “**DIP**  
5 **Advances**”), up to \$3,000,000 in advances outstanding, upon the terms and conditions set forth herein and  
6 in a Factoring and Security Agreement dated July 8, 2024, which is attached to the Financing Motion (the  
7 “**Factoring Agreement**”) [ECF 70, Ex.1].  
8

9 D. Debtor has certified that a copy of the Financing Motion (together with copies of  
10 the Factoring Agreement) and notice of the Hearing have been served by electronic mail, telecopy  
11 transmission, hand delivery, overnight courier and/or first-class United States mail upon the U.S. Trustee,  
12 any subordinated Creditor, and any known lien creditors of Debtor, and all parties requesting notice.  
13 The Court finds that notice of the Financing Motion, as it relates to this Order, is sufficient for all purposes  
14 under the Bankruptcy Code and the Bankruptcy Rules, including, without limitation, Sections 102(1) and  
15 364 of the Bankruptcy Code and Bankruptcy Rule 4001(b) and (c).  
16

17 E. Good cause has been shown for the entry of this Order and authorization for Debtor to obtain  
18 DIP Credit Extensions pursuant to the Factoring Agreement and to use Cash Collateral as hereinafter  
19 provided. Debtor’s need for financing of the type afforded by the Factoring Agreement remains immediate  
20 and critical. Entry of this Order will minimize disruption of Debtor’s business and operations, will preserve  
21 the assets of Debtor’s estates and is in the best interests of Debtor, its creditors and its estates. The terms  
22 of the proposed financing and use of Cash Collateral are fair and reasonable, reflect Debtor’s exercise of  
23 business judgment and are supported by reasonably equivalent value and fair consideration.  
24

25 F. Based upon the statements and any evidence presented at the Hearings on the Financing  
26 Motion, and the record in this Case as a whole, the terms of the Factoring Agreement and this Order have  
27  
28

1 been negotiated in good faith and at arm's length between Debtor, on the one hand, and DIP Lender, on  
2 the other. Therefore, all DIP Credit Extensions to Debtor pursuant to the Factoring Agreement shall be  
3 deemed to have been made in good faith within the meaning of Section 364(e) of the Bankruptcy Code.

4 G. This Court has jurisdiction to enter this Order pursuant to 28 U.S.C. §§ 157(b) and 1334.  
5 Consideration of the Financing Motion constitutes a core proceeding, as defined in 28 U.S.C. § 157(b)(2).

6 NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED, as follows:  
7

8 1. The Financing Motion is GRANTED on a final basis.

9 2. Capitalized terms not otherwise defined herein shall have the meanings given to them in the  
10 Financing Motion.

11 3. The Debtor is authorized to take DIP Credit Extensions in accordance with the Factoring  
12 Agreement [ECF 70 Ex.1] from time to time up to an aggregate advance amount outstanding at any time  
13 not to exceed \$3,000,000.00, and to incur any and all liabilities and obligations thereunder and to pay all  
14 charges, fees, expenses and other accruals and to satisfy all conditions precedent and perform  
15 all obligations hereunder and thereunder in accordance with the terms hereof and thereof.  
16

17 4. The DIP Liens shall have super priority pursuant to Section 364(c)(2) and Section 510(a) of  
18 the Bankruptcy Code, and the DIP Liens shall prime and shall be senior in priority to all pre-petition liens  
19 and security interests with respect to any of the Collateral.

20 5. The DIP Liens shall be deemed valid, binding, enforceable and perfected upon entry of this  
21 Order. DIP Lender shall not be required to file any UCC-1 financing statements, fixture filings, mortgages,  
22 deeds of trust, intellectual property filings, security deeds, notices of lien or any similar document or take  
23 any other action (including possession of any of the Collateral) in order to validate the perfection of the  
24 DIP Liens. DIP Lender may, in its discretion, file a certified copy of this Order, UCC-1 financing  
25 statements, fixture filings, mortgages, deeds of trust, intellectual property filings, security deeds, notices of  
26  
27  
28

1 lien or any similar document in any filing office in any jurisdiction in which Debtor is organized or has or  
2 maintains any Collateral or an office, and each filing office is directed to accept such certified copy of this  
3 Order for filing and recording.

4         6. All reasonable costs and expenses incurred by DIP Lender in connection with the  
5 negotiation and drafting of the DIP Financing Documents, or any amendments thereto, the preservation,  
6 perfection, protection and enforcement of DIP Lender's rights hereunder or under the Factoring  
7 Agreement, or in the collection of the DIP Obligations, including, without limitation, all filing and  
8 recording fees and reasonable fees and expenses of attorneys, accountants, appraisers and other  
9 professionals incurred by DIP Lender in connection with any of the foregoing, whether any of the  
10 foregoing were incurred prior to or after the Petition Date, shall form a part of the DIP Obligations and  
11 shall be paid by Debtor in accordance with the terms of the DIP Financing Documents. Fees and expenses  
12 incurred by professionals retained by DIP Lender in order to enforce the DIP Liens, realize upon or  
13 liquidate the Collateral or otherwise collect the DIP Obligations upon the occurrence of an Event of Default  
14 by the Debtor under this Order or the DIP Financing Documents are subject to this Court's approval  
15 pursuant to separate Order of the Court.  
16

17  
18         7. This Order shall constitute a valid, binding obligation of the Debtor enforceable against the  
19 Debtor in accordance with its terms.

20         8. The automatic stay provisions of Section 362 of the Bankruptcy Code are hereby lifted and  
21 terminated as to DIP Lender to the extent necessary to implement the provisions of this Order and the  
22 Factoring Agreement, thereby permitting DIP Lender to receive collections of Collateral for application to  
23 the DIP Obligations as provided herein, to file or record any UCC-1 financing statements, fixture filings,  
24 mortgages, deeds of trust, security deeds and other instruments and documents evidencing or validating the  
25  
26  
27  
28

1 perfection of the DIP Liens and to enforce the DIP Liens upon Event of Default subject to the prior notice  
2 provisions of this Order.

3 9. Neither DIP Lender nor the Debtor shall be required to take any action or obtain any  
4 additional orders to enjoy the benefits and/or protections of this Order. Nothing herein is intended,  
5 however, to waive any rights of DIP Lender to request any relief it may believe is appropriate, including  
6 to seek additional adequate protection of its interests in its collateral, relief from the automatic stay,  
7 conversion of the cases, to propose a plan of reorganization or liquidation, to object to a plan of  
8 reorganization, or any other relief or remedies that may be available to DIP Lender under bankruptcy or  
9 non-bankruptcy law.  
10

11 10. The provisions of this Order shall be binding upon DIP Lender and the Debtor and their  
12 respective successors and assigns (including any Trustee hereinafter appointed for the estate of the Debtor)  
13 and inure to the benefit of DIP Lender and the Debtor and their respective successors and assigns.  
14

15 11. By consenting to this Order, making DIP Credit Extensions or administering the financing  
16 relationship with Debtor, DIP Lender shall not be deemed to be in control of Debtor or its operations or to  
17 be acting as a “responsible person,” “managing agent”, “mortgagee in possession” or “owner or operator”  
18 (as such terms are defined in the United States Comprehensive Environmental Response, Compensation  
19 and Liability Act, as amended, or any similar state or federal statute) with respect to the operation or  
20 management of Debtor.  
21

22 12. The Debtor is authorized to borrow a bridge loan of up to \$750,000 from BSC Investment  
23 Group, Inc., at 0% interest with a maturity date of August 31, 2024, pursuant to 11 U.S.C. § 364(b).  
24

25 13. The notice given by the Debtor of the Financing Motion constitutes due and sufficient notice  
26 in accordance with the Bankruptcy Rules and the Local Rules of this Court.  
27  
28

14. Upon entry of this Order, the Debtor shall serve (by first class mail, postage prepaid or overnight delivery) copies of this Order on the Debtor's twenty largest unsecured creditors as identified in its Chapter 11 petition.

**IT IS SO ORDERED.**

**\*\*\* END OF ORDER \*\*\***